

STATE OF WISCONSIN
DEPARTMENT OF HEALTH AND SOCIAL SERVICES
DIVISION OF MANAGEMENT SERVICES
BUREAU OF FISCAL SERVICES

ACCOUNTING POLICY

TOPIC: Revenues and Refunds 2.0	EFFECTIVE DATE: 9/28/84
TITLE: Gifts and Grants	REVISION DATE: 10/31/92
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BACKGROUND

Sections 46.03 (2a) and 47.02 (4)(b), Wisconsin Statutes, authorize the department to accept funds from gifts, grants, donations or trusts. Section 20.435 (9)(i) and s. 20.907 specify the manner of acceptance, custody and accounting. The Department of Administration has long held the position that **restricted** gifts may be expended in accordance with the expressed wishes of the donor if such use does not conflict with any specific statutory provision or would not result in a completely absurd expenditure. An Attorney General's Opinion dated January 11, 1973 supported the DOA position that expenditures of **unrestricted** gifts are subject to the laws and conditions applied to state expenditures in general.

Gifts and grants are required to be deposited into an appropriation. In order to expend these funds, an allotment must be issued to allow expenditure. Since these funds are appropriated [46.03 (2a)], all purchasing, audit and budgetary restrictions apply without specific statutory exclusion. Section 20.907 (4) states that audit is for the "sole purpose of ascertaining that expenditures are lawfully made and authorized by the proper authorities of such agency." This provision is similar to the audit expectations of GPR funds.

In conclusion, gift and grant funds can have more restrictions than GPR funding. First, they can be used for program functions, which means its use should be consistent with GPR use; second, they must be consistent with the purpose of the gift or grant; and, finally, all requirements of state appropriated monies apply.

POLICY

Acceptance

1. The Department may accept unrestricted funds from gifts, grants, donations, and trusts.
2. The Department shall accept restricted funds from gifts, grants, donations and trusts provided the purpose is lawful and not in conflict with a specific statute.

Custody

All such gifts, grants, bequests and devices in the form of cash or securities shall be deposited in the custody of the State Treasurer. In order to make this deposit, an appropriation such as 20.435 (9)(i) should be used for deposit.

Expenditure

All funds received from gifts, grants, donations and trusts and any income received thereon may be expended:

1. For any lawful purpose under the statutes governing state operations and authorized by the proper authority. Use of funds are to follow the Department of Health and Social Services' accounting policies and procedures, and Preaudit Authority Guidelines as do other funds.
2. Consistent with the purpose of the gift if restricted by the donor.
3. Unless the gift or grant specifically states a use, it is assumed that its use is intended for normal operational expenses. Where its use is specified, legal, and outside what is considered normal, this use must be approved by the Division Administrator. If the specified use is not legal, the funds cannot be accepted or used for that purpose.

Interest

Section 20.906 (1), Wisconsin Statutes states "All monies paid into the treasury shall be credited to the general purpose revenues of the general funds unless otherwise specifically provided by law." The phrase "unless otherwise specified by law" pertains to accounts considered assets of legally established segregated funds and to cases where the account is the property of a third party trust. In certain infrequent cases, specific statutory provisions may require the treatment of interest as other than GPR-Earned. In the absence of any of the above alternative requirements, interest should be considered GPR-Earned.

Bequests that specify that any interest earnings be retained or are for endowment, etc. should be honored. Interest on gifts with no restrictions shall be deposited and reclaimed by the general fund.

REFERENCES

Sections 46.03 (2a), 47.02 (4)(b), 20.435 (9)(i), 20.906 (1), and 20.907 Wisconsin Statutes

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